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**United States Files WTO Case on Monopolistic Canadian Wheat Board**

WASHINGTON - U.S. Trade Representative Robert B. Zoellick announced today that the United States will file a case against Canada in the World Trade Organization (WTO) over the wheat trading practices of the monopolistic Canadian Wheat Board (CWB).

In addition, the United States is challenging as unfair and burdensome Canada's requirements to segregate imported grain in the Canadian grain handling system, along with Canada's discriminatory policy that affects U.S. grain access to Canada's rail transportation system. This WTO case continues the Administration's aggressive pursuit of ensuring a fair trading system for American farmers.

"The Canadian Wheat Board is a monopoly, and its special benefits and privileges put American wheat farmers at a disadvantage and undermine the integrity of the international trading system," Zoellick said. "American wheat farmers are the most competitive in the world. This Administration is committed to opening markets around the world and to fighting aggressively to see that American farmers are treated fairly."

"The U.S. WTO proposal calls for the elimination of the monopoly powers of state trade enterprises such as the Canadian Wheat Board," said Agriculture Secretary Ann M. Veneman. "The action today highlights this Administration's commitment to ensuring a fair and open market for U.S. wheat farmers."

Under WTO rules, the first step in a WTO dispute is for both parties to hold formal meetings. The United States will ask for consultations with the Canadians on Dec. 17, 2002, to discuss whether the CWB abides by global trade rules for state trading enterprises. In addition, the US will seek to end Canada's discriminatory policies of segregating wheat and on access to the Canadian rail transportation systems.

On Feb. 15, 2002, Zoellick released an Affirmative Finding after an investigation under section 301 of the Trade Act of 1974. In the Finding, Zoellick described the multiple avenues USTR would take to seek relief for American wheat farmers from the unfair trading practices of the CWB, a government state trading enterprise. In April 2001, U.S. Chief Agriculture Negotiator Allen F. Johnson went to North Dakota to hear directly from wheat farmers on the CWB's unfair

competition.

There are four prongs to the February plan, which the Administration is pursuing aggressively.

□ First, by requesting consultations, USTR is initiating dispute settlement proceedings against the CWB and the Canadian government in the WTO. The consultation process is intended to encourage countries to settle disputes. Canada has 30 days to agree to consult with the United States. If U.S. concerns are not addressed through consultations, the United States can ask the WTO to form a dispute settlement panel.

□ Second, the Administration committed to work with the U.S. industry to examine the possibility of filing antidumping and countervailing duty petitions. The North Dakota Wheat Commission filed petitions on Sept. 13, 2002, and the Department of Commerce initiated antidumping and countervailing duty investigations on Oct. 23, 2002.

□ Third, USTR indicated it would work to identify impediments to U.S. wheat entering Canada. The specific part of the U.S. WTO case regarding Canada's segregation and rail transportation systems for grain is a direct result of that investigation.

□ Fourth, the U.S. committed to seek reform in global trade negotiations in the WTO agriculture negotiations. The United States has aggressively pursued permanent reform of monopolistic export state trading enterprises, such as the CWB. The agriculture negotiations are part of the Doha Development Agenda that was launched in November 2001. The United States successfully put export competition, including reform of state trading enterprises, as the first agenda item for the agriculture negotiations last June. At that time, the United States proposed eliminating export monopolies which would allow any producer, distributor, or processor to export agricultural products. The United States also proposed ending special financial privileges which are granted to state traders and expanding their WTO transparency obligations. In subsequent meetings of the WTO agriculture negotiations, the United States continues to build a coalition of other WTO member countries who support this position.

The North Dakota Wheat Commission and the broader U.S. wheat industry support the Administration's decision to file a WTO case on the wheat trading practices of the CWB.

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